

three months was in itself a heavy fetter upon trade and strengthened the belief that there was something fundamentally wrong with English banking. The distrust abroad was profound enough to justify for a moment the phrase of Sir Stafford Northcote, that there was "a run upon England," and to wound the national pride with the unaccustomed fear that London was about to lose her pre-eminence over the money markets of the world.*

In the presence of such fears, an economic law which would operate under normal conditions of credit was temporarily suspended, just as in the past few years foreign capital has been persistently withdrawn from the United States, in spite of tempting opportunities for investment, because of the fear that they would abandon the gold standard. The cherished "convertibility of the bank-note" did not prevent the suspicion abroad that the British government intended to establish forced legal tender, and its intervention to permit the suspension of the Bank Act of 1844 was interpreted among those not familiar with the English banking system as a step in that direction. The Earl of Clarendon gave official testimony to the gravity of the situation, without accomplishing much to relieve it, by issuing a circular letter to the British embassies throughout Europe, stating that "Her Majesty's government have no reason to apprehend that there is any general want of soundness in the ordinary trade of this country which can give reasonable ground for anxiety or alarm, either in this country or abroad."² Distrust at home had not at any time extended to the solvency of the Bank of England, after the directors were authorized to borrow from the reserve in the issue department, and the bullion, never below $\hat{\wedge}11,800,000$, rose in December to $\hat{\wedge}19,200,000$. The discounts, which had risen during the acute stage of the panic to $\hat{\wedge}33,400,000$, fell gradually, with liquidations and the slackening of business, to $\hat{\wedge}19,100,000$,

¹ Wolowski, *La Banque d'Angleterre*, etc., 133.

² Levi, 471.